

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 001065

SIPDIS

E.O. 12958: DECL: 03/15/2016

TAGS: [PREL](#) [PGOV](#) [KWBG](#) [KPAL](#) [IS](#) [SETTLEMENTS](#) [ISRAELI](#) [PALESTINIAN](#) [AFFAIRS](#)

SUBJECT: SETTLEMENTS AND BARRIER: OLMERT CHANGES GEARS;

CLAIMS U.S. SUPPORT

REF: TEL AVIV 0940

Classified By: Ambassador Richard H. Jones; Reasons 1.4 (B) and (D).

1. (C) Summary: A/PM Ehud Olmert has recently made a number of public statements on the separation barrier, annexation of settlements, and finalizing Israeli borders that appear to be at odds with his oft-stated commitment to the Roadmap and previous agreements with the USG concerning settlements. In response to campaign pressure from the Israeli right, Olmert has increasingly elaborated upon plans to hold an internal Israeli dialogue on the separation barrier, complete the barrier, make that line Israeli's de facto border, annex major settlement blocs (including Maale Adumim, Ariel, Gush Etzion, and the "Jerusalem envelope"), proceed with construction in E-1, retain Israel's "security border" along the Jordan Valley, and separate the Israeli and Palestinian populations to the maximum extent possible. He also called for settlers to consolidate from isolated locations in the West Bank into expanded settlement blocs west of the barrier. Olmert's purported intention to seek international support is made problematic by his (and Avi Dichter's) stated intention to leave the IDF deployed on the West Bank. Olmert and his staff have told the press that the USG was consulted on and supports such plans. Post recommends that we approach A/PM Olmert now, and the new GOI immediately after formation, to stress that the USG has not concurred with Olmert's stated plans. End summary.

Evolution of Olmert's Settlement and Barrier Policies

2. (C) After assuming the Prime Minister's duties in January, Olmert was initially cautious in his remarks on peace process issues. In private meetings with USG officials and visiting CoDels, he repeatedly stressed his commitment to the Roadmap and pledged to uphold the GOI's commitments to the President on the removal of outposts. He ordered -- and saw through to completion -- the removal of settlers from the Hebron market and the demolition of nine permanent houses in Amona. On March 7, Olmert told a group of transportation experts that "Israel will not invest in construction or infrastructure development beyond the Green Line in the coming years," although it was clear from context that he meant the area east of the barrier.

3. (U) Following the combination of the Hamas victory, strong criticism from political opponents such as Bibi Netanyahu during the ongoing Knesset election campaign, and a gradual slide in Kadima's polling numbers, Olmert has changed gears. On March 10, he outlined for reporters his plans to separate Israeli and Palestinian populations by 2010. He said that if the new Hamas-run PA refuses to accept the international community's three conditions "after a reasonable amount of time -- and this will not be measured in years," then Israel will take further unilateral action. The steps he mentioned track closely with the plan leaked by Kadima candidate and former Shin Bet chief Avi Dichter on March 5 (reftel).

4. (U) Olmert has also pledged to complete the security fence by the end of 2006. In a press interview, Olmert said the separation barrier will be adjusted to a new line, one marking what he is specifically terming "permanent borders." He said the barrier could potentially be shifted either east or west depending on the outcome of an internal Israeli dialogue on the subject. Olmert also called for settlers to consolidate from isolated locations in the West Bank into expanded settlement blocs west of the barrier. (Note: The barrier, when complete, will likely include several lobes or fingers reaching up to 20-plus kilometers into the West Bank.) Although he refused to define the scope of such settlement blocs, he mentioned that Israel intends to retain Gush Etzion, Maale Adumim, and "the Jerusalem envelope." He later acknowledged that some Arab parts of Jerusalem currently within the municipal boundaries, such as the Shufat refugee camp, would be excluded. On March 14, Olmert went a step further, offering settlers a dialogue and telling them, "I want to be clear on this, the Ariel bloc will be an inseparable part of the State of Israel under any situation." He has also mentioned that the IDF will remain deployed on the West Bank and the GOI will maintain what he calls its "security border" along the Jordan Valley.

5. (C) Following the interviews, unnamed GOI officials told

the press that the GOI had discussed Olmert's plans with the USG, which, they claimed, did not object. When asked by reporters whether he intends to build in the E-1 area despite U.S. objections, Olmert replied on March 10: "of course. After all, it is unthinkable that we will talk about Maale Adumim as part of the State of Israel and leave it like an island or an isolated enclave ... This is clear to both the Palestinians and to the Americans." In a meeting with the Ambassador on March 14 (septel), Internal Security Minister Gideon Ezra confirmed that Israel has already begun construction of the long-delayed police district headquarters in E-1. He baldly claimed that the President's letter of April 14 had acknowledged that Maale Adumim and E-1 would remain in Israeli hands, adding that the GOI had always intended to build in E-1, but had been temporarily prevented from doing so by recently concluded court cases. Ezra denied that the move was in any way connected to the ongoing election campaign. The Ambassador reminded him that the President's letter specified that adjustments to borders should be mutually agreed and noted consistent U.S. opposition to a move that would effectively split the West Bank in two. Ezra blithely pointed to GOI plans to use tunnels to preserve connectivity.

Olmert Changes Gears

16. (C) Comment: Olmert's position on settlements and Israel's borders has evolved and become more specific due to the press of the Knesset election campaign. There might be some pullback after the successful Jericho operation. However, his public pronouncements on annexing settlement blocs and setting Israel's borders along the barrier line push the envelope of -- and in points clearly exceed -- the U.S. position on these issues contained in the President's letter of April 14, 2004. While Sharon followed much the same strategy, he rarely revealed his full intentions to the public and was also careful not to claim -- as Olmert has done -- that the U.S. is reconciled to construction in E-1 and other unilateral steps in the West Bank. While post does not recommend an official USG response to every campaign pronouncement in the ongoing Israeli election debate, we recommend that the USG quietly reinforce our views now with the GOI and with the next government immediately after formation to avoid future misunderstandings. If we do not lay down a marker now, then we can expect public assertions to continue. Even in the press, such assertions might be taken as de facto U.S. acquiescence by the GOI and among Israelis, making future disagreements harder to resolve.

Visit Embassy Tel Aviv's Classified Website:
<http://www.state.sgov.gov/p/nea/telaviv>

You can also access this site through the State Department's
Classified SIPRNET website.

JONES